

110TH CONGRESS
1ST SESSION

H. R. 590

To amend the Internal Revenue Code of 1986 to increase the annual contribution limit to Coverdell education savings accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 19, 2007

Mr. KNOLLENBERG introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the annual contribution limit to Coverdell education savings accounts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Financial
5 Readiness Act of 2007”.

6 **SEC. 2. COVERDELL EDUCATION SAVINGS ACCOUNT IM-**
7 **PROVEMENTS.**

8 (a) INCREASE IN ANNUAL CONTRIBUTION LIMIT TO
9 COVERDELL EDUCATION SAVINGS ACCOUNTS.—Clause
10 (iii) of section 530(b)(1)(A) of the Internal Revenue Code

1 of 1986 is amended by striking “\$2,000” and inserting
 2 “\$5,000”.

3 (b) CONTRIBUTIONS NOT ALLOWED BY INDIVIDUALS
 4 WHOSE ADJUSTED GROSS INCOME EXCEEDS LIMITA-
 5 TION.—So much of subsection (c) of section 530 of such
 6 Code as precedes paragraph (2) is amended to read as
 7 follows:

8 “(c) CONTRIBUTIONS NOT ALLOWED BY INDIVID-
 9 UALS WHOSE ADJUSTED GROSS INCOME EXCEEDS LIM-
 10 TATION.—

11 “(1) IN GENERAL.—No contribution may be
 12 made to any Coverdell education savings account by
 13 any individual during the taxable year if the modi-
 14 fied adjusted gross income of such individual for
 15 such taxable year exceeds \$150,000 (twice such
 16 amount in the case of a joint return).”.

17 (c) COST-OF-LIVING ADJUSTMENT.—Subsection (b)
 18 of section 530 of such Code is amended by adding at the
 19 end the following new paragraph:

20 “(5) COST-OF-LIVING ADJUSTMENT.—

21 “(A) IN GENERAL.—In the case of any
 22 taxable year beginning in a calendar year after
 23 2007, the dollar amount contained in paragraph
 24 (1)(A)(iii) and subsection (c)(1) shall both be
 25 increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-
3 termined under section 1(f)(3) for the cal-
4 endar year in which the taxable year be-
5 gins determined by substituting ‘calendar
6 year 2005’ for ‘calendar year 1992’ in sub-
7 paragraph (B) thereof.

8 “(B) ROUNDING.—If any increase under
9 subparagraph (A) is not a multiple of \$50, such
10 increase shall be rounded to the nearest mul-
11 tiple of \$50.”.

12 (d) CONFORMING AMENDMENT.—Subparagraph (A)
13 of section 4973(e)(1) of such Code is amended by striking
14 “\$2,000” and inserting “the dollar amount in effect under
15 section 530(b)(1)(A)(iii) for the taxable year”.

16 (e) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 2006.

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